

Real Estate Closings: Know Your Terms

Term	Definition
Assessments	These are the monthly payments made to a Homeowners' or Condominium Association – they are made by the owner of a particular property (the Seller before the Closing date, and the Buyer thereafter). Property cannot be transferred until the Homeowners' or Condominium Owners' Association
Earnest Money	Good faith deposit by Buyer: generally 1% of Purchase Price at signing of Contract followed by an additional deposit within a certain number of days bringing the total to 5% of Purchase Price
Home Owner's Insurance	Needed to assure lender that their collateral will be replaced or paid for in the event of insurable event
Mortgage Broker's Commission	The amount paid to the Buyer's mortgage broker, if Buyer used one, upon closing their loan.
Mortgage Closing Costs	Paid to Mortgage Lender at Closing to cover items such as prepaid interest, underwriting fee, initial tax escrow, etc.
Mortgage Loan	Loan that enables Buyer to acquire Property
Purchase Price	Agreed value for Property and any personalty and fixtures transferred along with it
Title Indemnity Account	Segregated account created by Title Company and funded by Buyer or Seller in the event any task(s), condition(s) or subject(s) remain open as of the Closing -- goal is to put aside sufficient money to address those concerns in the future so that the transaction can close as scheduled.
Title Insurance	Issued by Title Company to ensure that Buyer will be the absolute owner of the Property without any other interests getting in the way
Transfer Taxes	Fees assessed by governmental bodies such as Municipality, County and State upon the transfer of any interest in real estate